

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

IN RE: § Case No. 23-34815 (JPN)  
GALLERIA 2425 Owner, LLC. §  
Debtor § Chapter 11

**OBJECTION TO MOTION FOR CONDITIONAL ALLOWANCE OF DISCLOSURE STATEMENT**

TO THE HONORABLE U.S. BANKRUPTCY JUDGE:

COMES NOW 2425 WL, LLC (“Respondent”) and files this Objection to Motion for Conditional Allowance of Disclosure Statement and would show as follows:

1. On April 1, 2024, Debtor filed a First Amended Plan of Reorganization and Disclosure Statement.
2. Ten days later, on April 11, 2024, National Bank of Kuwait filed a Plan of Reorganization and Disclosure Statement and a Motion for Conditional Approval of Disclosure Statement.
3. Debtor’s Disclosure Statement is set for hearing on May 3, 2024.
4. NBK’s Motion for Conditional Approval is set for hearing on April 25, 2024.
5. NBK has not shown any cause why it should be allowed to solicit acceptances or rejections of its plan with only a conditional approval of its disclosure statement. While the local rules of the Southern District of Texas allow for this procedure, there is no comparable rule in the Federal Rules of Bankruptcy Procedure. The Federal Rules only allow for conditional approval of a disclosure statement in a small business case. This is not a small business case.
6. In the alternative, if the court does grant conditional approval, it should delay such conditional approval to allow NBK’s plan and the Debtor’s plan to go out for voting and confirmation on the same track. It is not equitable to allow NBK to jump ahead of the Debtor’s plan by seeking conditional approval.

7. On page 2 of the NBK Disclosure Statement, it asserts that “Various litigation maneuvers between the parties occurred for almost the next twelve months.” NBK should be required to disclose the specific lawsuit or lawsuits filed and the contentions of the parties.

8. NBK should be required to disclose that on June 12, 2023 its lawyers stated “that there is no settlement agreement.”

9. NBK should be required to disclose that on June 28, 2023, its lawyers stated that the “Current Outstanding Settlement Balance” was \$26,038,040.92.

10. On page 3 of the NBK Disclosure Statement, it asserts that “The Debtor defaulted under the Settlement Agreement by failing to comply with its payment terms.” NBK should be required to disclose that the Debtor contends that NBK defaulted first by interfering with Debtor’s attempts to lease the property and by failing to tender a loan purchase agreement. NBK should also be required to state when the alleged default occurred.

11. On page 3, NBK contends that the state court allowed it to post the property for a foreclosure sale on July 5, 2023. NBK should be required to disclose that the Debtor disputes that NBK was allowed to post the property and that such posting prevented Debtor’s attempt to meet the settlement terms.

12. On page 4, NBK states that Adv. No. 23-03263 and Adv. No. 24-3043 will be dismissed under the Plan. NBK should be required to state what consideration, if any, it is providing for dismissal of these actions and what the basis for dismissing such actions is.

13. On pages 4-5, NBK discusses the Sonder litigation. NBK should be required to disclose that the Trustee has filed a motion to sell the claims against Sonder to Respondent.

14. On page 5, NBK states that it will make a credit bid. NBK should be required to discuss the effect of Sec. 363(k) on its ability to credit bid.

15. On page 6, NBK lists the classification of claims and interests. NBK should be required to disclose which creditors fall within which classes. If NKB intends to classify

Respondent's claim as an "Insider" claim, NBK should disclose why it believes that classifying secured and unsecured claims in a single class is permitted by the Code.

16. On page 6, NBK states that on the Effective Date all unexpired leases shall be rejected. NBK should discuss how rejection of all leases in the building will affect the value of the property.

17. On page 7, NBK should be required to disclose whether claims against NBK will be transferred to the Liquidation Trust, and if not, why not. NBK should be required to disclose what claims will be transferred to the Liquidation Trust without resorting to defined terms which obscure the substance of the contents of the Liquidation Trust.

18. On page 8, NBK should be required to disclose whether the Trustee consents to the settlements contained in the Plan. NBK should be required to explain exactly what claims and causes of action are being compromised and released, what the merits of such claims are and whether NBK is providing any consideration for such releases. NBK should be required to disclose whether its plan contains third party releases and whether such releases are permissible in the Fifth Circuit.

19. NBK should be required to disclose how its proposed exculpations contained on page 9 comply with applicable Fifth Circuit law and whether NBK is seeking to release its own attorneys for negligence in connection with this case.

20. NBK should be required to disclose why it believes that the automatic stay may continue in effect after confirmation of the Plan.

21. NBK should be required to disclose why it believes that its Gatekeeping Provision on page 10 complies with applicable Fifth Circuit law.

22. NBK should be required to disclose that Respondent offered to pay \$500,000 for claims against NBK. NBK should disclose why it is in the best interest of the estate to release claims against NBK when there is a qualified lawyer willing to pursue claims against NBK on a

contingent fee basis.

23. NBK should be required to provide a full and fair discussion of the value of the assets of the estate.

24. NBK should be required to provide a full and fair discussion of the claims and causes of action belonging to the estate.

DATED: April 24, 2024.

Respectfully Submitted,

**BARRON & NEWBURGER, P.C.**  
7320 N. MoPac Expwy., Suite 400  
Austin, Texas 78731  
Tel: (512) 476-9103

By: /s/ Stephen W. Sather  
Stephen W. Sather  
State Bar No.

**ATTORNEYS FOR  
CREDITOR, 2425 WL,LLC**

**CERTIFICATE OF SERVICE**

I hereby certify that the foregoing Response was served on the 24th day of April, 2024 to the parties on the attached list.

/s/ Stephen W. Sather  
Stephen W. Sather

Label Matrix for local noticing

0541-4

Case 23-34815

Southern District of Texas

Houston

Tue Apr 2 15:56:17 CDT 2024

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The preferred mailing address (p) above has been substituted for the following entity/entities as so specified by said entity/entities in a Notice of Address filed pursuant to 11 U.S.C. 342(f) and Fed.R.Bank.P. 2002 (g) (4).

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(d) Harris County, et al  
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